

# Andean Community: Requiem for a Dream II

By Ariela Ruiz Caro | May 28, 2006

The announcement of Venezuela's withdrawal from the Andean Community of Nations puts an end to the conflicted relationships that dominated among member countries since the beginning of free trade agreement negotiations in May 2004. In July of that year, at the XV Andean Presidential Summit in Quito, President Chávez warned his Andean neighbors that signing free trade agreements with the United States could put regional integration in jeopardy.

"We respect the decision of Colombia, Ecuador, Peru, of any fellow country. However, it concerns us because the integration proposed by the United States is a risk for our citizens ... We won't reject integration with the North (the United States), but all the countries that make up the Andean regional organization should reconsider the timeline ... The priority of the Andean Community should be to consolidate its integrative process in order to later negotiate with the North on fair conditions, not in conditions of subordination."

It was predictable and evident that a free trade agreement between one of the Andean countries and the United States would impede the objectives established for integration in the Cartagena Accord, as well as the Andean region's relationship to other integration processes in Latin America.

Now the Andean Community not only runs the risk of disappearing but also of turning into just another piece of the globalization plan imposed by industrialized countries, especially the United States, in the region.

Independently of value judgments, the results of the FTA negotiations have led to the need to modify some of the Andean norms so that both treaties can be compatible.

During the negotiation process, the United States government demanded that tariff preferences extended to Andean countries through the free trade agreement not be extended to Venezuela. The Cartagena Accord establishes that if one of the member countries concedes benefits or preferential treatment to a country or countries outside the subregional block through a commercial negotiation, those benefits should apply to all other member countries. This fact—and the anti-neoliberal political vision that the Mercosur country governments

espouse at least in theory—enabled Venezuela to apply for membership as a full member of Mercosur, where it was formally accepted during the regional presidential summit last December. The decision was supported above all by Argentina, who views Venezuela as an important trade partner and a counterbalance to Brazil in regional relations. This was the first step in Venezuela's separation from the Andean Community. Becoming a full member of Mercosur brings with it rights and more serious obligations such as the adoption of the subregional block's shared external tariff.

Additionally, to be a full member of Mercosur implies the responsibility to undertake international trade negotiations collectively. Venezuela didn't keep in mind that the announcement to leave the community coincided with a summit in Brussels of the joint European Union-Andean Community commission that analyzes the possible negotiations of free trade agreements between the groups.

The decision to leave the Andean Community was made in Asunción, Paraguay, where the presidents of Paraguay, Bolivia, Uruguay, and Venezuela were meeting to discuss the project to construct a major gas pipeline between those countries. It was noted that Mercosur is headed away from neoliberalism and that if important reforms are not undertaken it will fall apart as is presently happening in the Andean Community.

At the same meeting, the president of Uruguay, supported by the Paraguayan president, complained that Mercosur in its current state does not serve the interests of his country. However, despite the numerous difficulties that affect the institution, the well-grounded criticisms of its smaller members, and major squabbles especially between Argentina and Brazil, a common vision still prevails. The idea is to give the institution a political



---

presence in international forums that will allow it to have more global negotiating power. The current situation suggests that the Andean Community would have to permanently abandon its objective of moving toward a regional common market and settle for eventually transforming into a cooperating entity.

---

*Ariela Ruiz Caro (ariela@independiente.com) is a Peruvian economist, international consultant, and frequent contributor to the Americas Program at IRC (www.americaspolicy.org).*

Published by the Americas Program of the International Relations Center (IRC, online at [www.irc-online.org](http://www.irc-online.org)). ©Creative Commons - some rights reserved.

## **The Americas Program**

### **“A New World of Citizen Action, Analysis, and Policy Options”**

Founded in 1979, the IRC is a nonprofit policy studies center whose overarching goal is to help forge a new global affairs agenda for the U.S. government and people—one that makes the United States a more responsible global leader and partner. For more information, visit [www.americaspolicy.org](http://www.americaspolicy.org) or email [americas@irc-online.org](mailto:americas@irc-online.org).

#### **Recommended citation:**

Ariela Ruiz Caro, “Andean Community: Requiem for a Dream II,” IRC Americas Program (Silver City, NM: International Relations Center, May 28, 2006).

#### **Web location:**

<http://americas.irc-online.org/am/3287>

#### **Production Information:**

Writer: Ariela Ruiz Caro  
Editor: Laura Carlsen, IRC  
Layout: Nick Henry, IRC